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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

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29 August 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism
and Narcotics

SUBJECT: Narcotics Warning and Forecast Meeting

Representatives of the Intelligence Community met on 22 August 1985 to discuss the following issues: the potential for covert ether production by traffickers; crop production estimates for the Golden Triangle, Afghanistan, Mexico, and Colombia; and the need for intelligence support concerning multilateral drug control initiatives. Attached is my report.



Charles E. Allen

Attachment:
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Narcotics Warning and Forecast Meeting

The Potential for Ether Production By Traffickers

Ethyl ether, the key chemical used to convert cocaine base to cocaine hydrochloride, has been the focus of US unilateral and multilateral control efforts. The success of these programs has driven the black market price of a 55-gallon drum of ether, which sells on the open market in the United States for under \$200, to \$4,000 in Brazil and to \$7,000 in Colombia. In considering the options available to traffickers attempting to circumvent efforts to interdict the illicit flow of ether to cocaine labs, obvious questions arise concerning the feasibility and likelihood that traffickers will begin to produce their own ether. Ether production by traffickers is feasible, and we believe that if some traffickers have not already begun to produce ether, the threat of such production in the near term is very high.

Although ethyl ether is produced widely as a byproduct in huge integrated petrochemical plants, an older process exists which uses simple equipment and requires only raw materials that can be obtained easily. This process converts ethanol (ethyl alcohol) to ether by dehydrating it with sulfuric acid. Details of this process are available in many standard reference books on chemical technology, and most equipment required is available from new and used chemical equipment suppliers throughout the world. In addition, the three chemicals used in this process--ethanol, sulfuric acid, and sodium hydroxide (caustic soda)--are common commercial chemicals that are readily available in large quantities, making effective control of them a practical impossibility. To make matters worse, ethanol is produced in massive quantities as a synthetic fuel in Brazil, a country which we consider to be a major near-term cocaine threat.

Here are some facts and figures concerning covert ether production by a hypothetical trafficker producing about 445 kilograms of cocaine per month.

- A small ether plant producing about 250 liters of ether per day would meet his needs.
- Process equipment for such a plant could be set up in a small area, perhaps about 20 by 20 feet.
- A plant of this size would require fifty 55-gallon drums of ethanol per month and would produce 35 drums of ether.
- Cost to the trafficker for producing 35 drums of ether from ethanol would be about \$8,250, compared to a minimum of \$140,000 if the trafficker were to purchase the same amount of ether clandestinely in Brazil at \$4,000 per drum.

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Crop Production Estimates

Golden Triangle. OGI estimates that opium production in the Golden Triangle for 1985 will be about 640 metric tons, an overall reduction of about 20 percent from last year due to drought in the region. The first [redacted] the opium crop throughout northern Laos, however, revealed that this year's crop will be about 94 tons. This is a significant increase over last year's estimate of 24 tons which was based on analysis extrapolated [redacted]

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Thailand's ambitious manual eradication program which is planned for this year may help to limit production next year, but growers will probably respond in the long term by better concealing their fields. Aerial eradication in Burma, if it is actually carried out, will have little immediate effect and probably will force shifts in opium cultivation to more remote parts of the Shan State. If the commercial relationship between the SUA and BCP deteriorates, the SUA will need to secure alternate sources of opium in Burma and Laos; this would also help spur additional production increases in these countries. Opium production in Laos will likely continue to increase, and weather in the Golden Triangle will remain the only real control on opium production for the foreseeable future.

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Afghanistan. Over 300 metric tons of opium will be produced this year in Afghanistan, an 85 percent increase over the estimated 160 tons produced in 1984. Good weather combined with a significant increase in opium cultivation in Afghanistan's leading poppy growing province helped account for this increase. In addition, farmers are increasingly turning to opium as a reliable cash crop because Afghanistan's rural economy has been disrupted by the insurgency. The Karmal regime has little or no control over most of the growing areas and is unlikely to make any considerable effort to limit poppy cultivation.

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Mexico. Preliminary analysis of Mexico's spring poppy crop, when adjusted for expected eradication, indicates that Mexican opium production this year could be as much as 45 tons, 50 percent greater than last year. The Mexican Government clearly understands what needs to be done to stem opium production. It must begin immediately to:

- devote as many resources as possible to the narcotics problem
- manage these resources efficiently and with a great deal of flexibility
- get tough and stay tough with drug control officials and law enforcement personnel who collaborate with traffickers.

Regardless of Mexican assurances of stronger anti-drug action and what appear to be some recent efforts (personnel shakeups, dismissals of corrupt officials, some rethinking of drug control strategy and tactics) to translate those assurances into deeds, Mexican drug control officials at the field level will not even hold their own against the opium trade this year. It is simply too late to stave off another sizable increase in the quantity of Mexican heroin available for export to the United States this year. If Mexico does indeed top out this year at anything approaching 45 tons of opium and if adequate measures are not taken to prevent a further increase next year, then opium production in 1986 could rival peak levels of ten years ago, before Mexico even began a spray eradication campaign.

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